



General Assembly

February Session, 2016

Raised Bill No. 406

LCO No. 2071



Referred to Committee on BANKING

Introduced by:
(BA)

***AN ACT ADOPTING TECHNICAL CHANGES TO THE MORTGAGE
SERVICING STATUTES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-719h of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2016*):

4 No mortgage servicer shall:

5 (1) Directly or indirectly employ any scheme, device or artifice to
6 defraud or mislead mortgagors or mortgagees or to defraud any
7 person;

8 (2) Engage in any unfair or deceptive practice toward any person or
9 misrepresent or omit any material information in connection with the
10 servicing of the residential mortgage loan, including, but not limited
11 to, misrepresenting the amount, nature or terms of any fee or payment
12 due or claimed to be due on a residential mortgage loan, the terms and
13 conditions of the servicing agreement or the mortgagor's obligations

14 under the residential mortgage loan;

15 (3) Obtain property by fraud or misrepresentation;

16 (4) [Knowingly misapply or recklessly apply] Apply residential
17 mortgage loan payments recklessly or knowingly misapply such
18 payments to the outstanding balance of a residential mortgage loan;

19 (5) [Knowingly misapply or recklessly apply] Apply payments
20 recklessly or knowingly misapply such payments to escrow accounts;

21 (6) Place hazard, homeowners or flood insurance on the mortgaged
22 property when the mortgage servicer knows or [has reason to know]
23 should have known that the mortgagor has an effective policy for such
24 insurance;

25 (7) Fail to comply with section 49-10a;

26 (8) Knowingly or recklessly provide inaccurate information to a
27 credit bureau [, thereby harming a mortgagor's creditworthiness] that
28 results in harm to a mortgagor's creditworthiness;

29 (9) Fail to report both the favorable and unfavorable payment
30 history of the mortgagor to a nationally recognized consumer credit
31 bureau at least annually if the mortgage servicer regularly reports
32 information to a credit bureau;

33 (10) Collect private mortgage insurance beyond the date for which
34 private mortgage insurance is required;

35 (11) Fail to issue a release of mortgage in accordance with section
36 49-8;

37 (12) Fail to provide written notice to a mortgagor upon taking action
38 to place hazard, homeowners or flood insurance on the mortgaged
39 property, including a clear and conspicuous statement of the
40 procedures by which the mortgagor may demonstrate that he or she

41 has the required insurance coverage and by which the mortgage
42 servicer shall terminate the insurance coverage placed by it and refund
43 or cancel any insurance premiums and related fees paid by or charged
44 to the mortgagor;

45 (13) Place hazard, homeowners or flood insurance on a mortgaged
46 property, or require a mortgagor to obtain or maintain such insurance,
47 in excess of the replacement cost of the improvements on the
48 mortgaged property as established by the property insurer;

49 (14) Fail to provide to the mortgagor a refund of unearned
50 premiums paid by a mortgagor or charged to the mortgagor for
51 hazard, homeowners or flood insurance placed by a mortgagee or the
52 mortgage servicer if the mortgagor provides reasonable proof that the
53 mortgagor has obtained coverage such that the forced placement
54 insurance is no longer necessary and the property is insured. If the
55 mortgagor provides reasonable proof that no lapse in coverage
56 occurred such that the forced placement was not necessary, the
57 mortgage servicer shall promptly refund the entire premium;

58 (15) Require any amount of funds to be remitted by means more
59 costly to the mortgagor than a bank or certified check or attorney's
60 check from an attorney's account to be paid by the mortgagor;

61 (16) Refuse to communicate with an authorized representative of the
62 mortgagor who provides a written authorization signed by the
63 mortgagor, provided the mortgage servicer may adopt procedures
64 reasonably related to verifying that the representative is in fact
65 authorized to act on behalf of the mortgagor;

66 (17) Conduct any business covered by sections 36a-715 to 36a-719l,
67 inclusive, without holding a valid license as required under said
68 sections, or assist or aid and abet any person in the conduct of business
69 without a valid license as required under this title;

70 (18) Negligently make any false statement or knowingly and

71 wilfully make any omission of a material fact in connection with any
72 information or reports filed with a governmental agency or the system
73 or in connection with any investigation conducted by the Banking
74 Commissioner or another governmental agency; or

75 (19) Collect, charge, attempt to collect or charge or use or propose
76 any agreement purporting to collect or charge any fee prohibited by
77 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2016	36a-719h
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Statement of Purpose:

To make minor technical changes to the mortgage servicing statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]